

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (08/16):
BUTTER: Grade AA closed at \$0.9550. The weekly average for Grade AA is \$0.9683 (-.0209).

CHEESE: Barrels closed at \$1.1200 and blocks at \$1.1300. The weekly average for barrels is \$1.1265 (-.0040) and blocks, \$1.1500 (-.0175).

NONFAT DRY MILK: Extra Grade closed at \$0.9050 and Grade A at \$0.9200. The weekly average for Extra Grade is \$0.9050 (N.C.) and Grade A, \$0.9200 (N.C.).

BUTTER: Butter markets are generally steady as the cash price held under \$1.00 all week. The current cash price of \$.9550 compares to \$.2.09 last year at this time. Many producers and handlers are looking at inventory figures along with projected production during the final months of the year and are realizing that sales will need to be quite strong to clear the volumes of available butter. Last year, stocks were limited to the point that over 45 million pounds of additional butter was imported to supplement domestic stocks, with imports this year projected to be limited to quota volumes of 15 million pounds. Current churning activity is mixed depending on cream availability. Ice cream production is seasonally active across the country, but often not at anticipated levels, thus occasional spot loads of cream are available to butter producers. Overall butter demand is fair. Retail orders are basically limited to short term needs with food service orders active. Some producers and handlers are stating that retail prices are slowly edging lower which will encourage butter sales, but the margins are still quite wide.

CHEESE: The cheese market is regional, steady to firm in the Midwest and East but weak in the West. Seasonally lower milk and cheese production and tight milk supplies east of the Rockies have many cheese plant operators wondering why prices are not higher. Plant operators in the Midwest are having problems filling orders, especially on specialty varieties due to the lack of milk. In the West, larger milk and cheese supplies continue to weigh down prices. While this is the fourth straight week of CCC cheese purchases under the price support program, the first blocks (Western) were purchased this week.

FLUID MILK: Fluid milk orders are improving across the country as bottlers prepare for schools to begin fall sessions. Starting schedules are staggered over the next several weeks. The impact of taking milk out of manufacturing plants is largely welcomed by processors long on milk. Milk production levels in many parts of the country are being affected by summertime weather conditions. The impact of hot weather in the West is beginning to lower milk receipts. Temperatures over 100 degrees are being registered along the coastal states and in Arizona. Plants are not running as full as in recent weeks in California. There is milk moving around the Southwest to find processing space. In Utah and Idaho, milk volumes are slow to rebound from recent hot weather. In the Midwest, milk intakes are holding mostly steady with locations noting increases in fat and solids. Hot and humid conditions in the Northeast are lowering milk output. Fluid milk is being shipped into Florida, 68 loads this week, to supplement local supplies.

DRY PRODUCTS: Nonfat dry milk markets are slow to develop any new market trend with continued weekly offerings to the support program. Production levels are seasonally declining in areas affected by hot weather conditions, but are higher than anticipated in California and other western states. Dry buttermilk prices are unchanged in

light spot trading. Processors with stocks want to move powder, but are reluctant to lower asking prices. Whey markets are mixed in the West to firmer in the Midwest, where lighter cheese runs are creating less whey solids for processing. The WPC market is a mixed bag and depends on the inventory and sales of producers' as to how they see the market. Some tightness for particular brands is noted. Lactose prices are unchanged and most conditions are steady. Production levels are steady to higher and inventories are in better shape.

CCC: During the week of August 12 - 16, CCC net purchases totaled 8,998,394 pounds of NDM. A total of 8,736,377 pounds was purchased from the West and 262,017 pounds from the Midwest. Purchases totaled 198,000 pounds of process cheese from the Midwest, 2,465,662 pounds of block cheese from the West, and 573,772 pounds of barrel cheese from the West.

AUGUST MILK SUPPLY AND DEMAND ESTIMATES (WAOB): Dairy production forecasts are raised slightly for 2001/02 as cow numbers are expected to remain near last year. However, poor forage conditions and increasing hay prices are expected to slow growth in milk output per cow. Milk price forecasts are little changed. Forecast milk production for 2002/03 is reduced this month because of higher forecast grain prices and tighter supplies of high-quality hay. In the face of lower expected milk supplies, the forecast for Class III milk is raised to \$10.05-\$10.95 and the forecast for Class IV is increased to \$10.60-\$11.70. The all milk price is projected 10 cents higher than last month. CCC net removals of cheese in 2001/02 are reduced from last month as sales to the CCC have been lower than expected. Net removals of nonfat dry milk are increased for 2001/02 as milk supplies remain large but forecast removals for 2002/03 are lowered as milk supplies are expected to be lower than forecast last month.

MAY MAILBOX MILK PRICES (AMS): In May 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$11.83, \$0.33 less than the figure for the previous month. On an individual reporting area basis, mailbox prices decreased in all areas, and ranged from \$14.75 in Florida to \$10.72 in Utah. In May 2001, the Federal milk order all-area average mailbox price was \$15.27, \$3.44 higher.

JUNE FLUID MILK SALES (AMS & CDFA): During June, about 4.2 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 4.0% lower than June 2001. After adjusting for calendar composition, sales in June 2002 were 0.5% lower than June 2001. The adjusted sales for January through June 2002 were 0.1% higher than a year earlier. On an individual product basis, sales of whole milk, reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from June 2001.

JULY MILK PRODUCTION (NASS): Milk production in the 20 major States during July totaled 12.3 billion pounds, up 2.3% from July 2001. June revised production, at 12.3 billion pounds, was up 2.2% from June 2001. The June revision represented an increase of 0.2% or 27 million pounds from last month's preliminary estimate. Production per cow averaged 1,580 pounds for July, 28 pounds (1.8%) above July 2001. The number of cows on farms was 7.79 million head, 40,000 (0.5%) head more than July 2001, and 7,000 head more than June 2002.

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY AUGUST 12	TUESDAY AUGUST 13	WEDNESDAY AUGUST 14	THURSDAY AUGUST 15	FRIDAY AUGUST 16	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1350 (N.C.)	\$1.1350 (N.C.)	\$1.1225 (-.0125)	\$1.1200 (-.0025)	\$1.1200 (N.C.)	(-.0150)	\$1.1265 (-.0040)
40# BLOCKS	\$1.1625 (-.0050)	\$1.1625 (N.C.)	\$1.1525 (-.0100)	\$1.1425 (-.0100)	\$1.1300 (-.0125)	(-.0375)	\$1.1500 (-.0175)
NONFAT DRY MILK EXTRA GRADE	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	(N.C.)	\$.9050 (N.C.)
GRADE A	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	(N.C.)	\$.9200 (N.C.)
BUTTER GRADE AA	\$.9850 (+.0050)	---	\$.9650 (-.0200)	---	\$.9550 (-.0100)	(-.0250)	\$.9683 (-.0209)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDAGOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 12, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1625
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 7 CARS: 1 @ \$0.9750, 2 @ \$0.9825, 1 @ \$0.9800, 2 @ \$0.9900, 1 @ \$0.9850; BIDS UNFILLED: 10 CARS: 1 @ \$0.9800, 1 @ \$0.9775, 1 @ \$0.9700, 2 @ \$0.9525, 5 @ \$0.9500; OFFERS UNCOVERED: 5 CARS @ \$1.0000

TUESDAY, AUGUST 13, 2002

CHEESE — SALES: 4 CARS 40# BLOCKS: 1 @ \$1.1675, 1 @ \$1.1600, 1 @ \$1.1700, 1 @ \$1.1625; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1350
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, AUGUST 14, 2002

CHEESE — SALES: 2 CARS BARRELS @ \$1.1225; 1 CAR 40# BLOCKS @ \$1.1525; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 21 CARS: 1 @ \$0.9825, 1 @ \$0.9850, 1 @ \$0.9825, 1 @ \$0.9800, 1 @ \$0.9850, 1 @ \$0.9825, 1 @ \$0.9800, 1 @ \$0.9850, 2 @ \$0.9825, 2 @ \$0.9850, 1 @ \$0.9825, 2 @ \$0.9850, 1 @ \$0.9875, 1 @ \$0.9850, 1 @ \$0.9825, 1 @ \$0.9800, 1 @ \$0.9700, 1 @ \$0.9650; BIDS UNFILLED: 6 CARS: 1 @ \$0.9650, 2 @ \$0.9625, 1 @ \$0.9600, 2 @ \$0.9500; OFFERS UNCOVERED: 6 CARS: 2 @ \$0.9950, 1 @ \$1.0200, 1 @ \$1.0300, 1 @ \$1.0400, 1 @ \$1.0500

THURSDAY, AUGUST 15, 2002

CHEESE — SALES: 2 CARS BARRELS @ \$1.1225; 7 CARS 40# BLOCKS: 1 @ \$1.1500, 2 @ \$1.1475, 1 @ \$1.1500, 1 @ \$1.1525, 1 @ \$1.1450, 1 @ \$1.1425; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1200; 3 CARS 40# BLOCKS: 1 @ \$1.1475, 2 @ \$1.1525
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 16, 2002

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.1300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1200
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 8 CARS: 5 @ \$0.9350, 1 @ \$0.9450, 1 @ \$0.9500, 1 @ \$0.9525; BIDS UNFILLED: 5 CARS: 1 @ \$0.9550, 1 @ \$0.9075, 2 @ \$0.9000, 1 @ \$0.8800; OFFERS UNCOVERED: 2 CARS: 1 @ \$0.9625, 1 @ \$0.9650

BUTTER MARKETS

NORTHEAST

The market tone remains unsettled. The CME cash price continued its' down trend through mid-week last week when the cash price dipped under \$1.00. As of Monday (8/12), the cash price remains under the dollar level, although firming slightly in subsequent trading sessions since last Wednesday's \$.9650 price. Producers and handlers report that churning activity varies. Cream supplies are becoming less available for butter needs as milk production declines, butterfat test edge lower, and ice cream and other cream based product production remains fairly strong. Some butter producers anticipate additional cream offerings will become available as school milk bottling schedules resume throughout the region. Stocks of butter continue to surpass last year levels, although often, churning is not keeping pace with demand, thus inventoried stocks are being microfixed to fill needs. Overall buying interest is fair at best. Retail orders are often being placed for short term needs, while food service orders edge lower as the end of the summer vacation season nears. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average. During June, butter production in the North Atlantic region totaled 11.73 million pounds, 17.6% more than June 2001 but 25.7% less than May 2002.

CENTRAL

Butter prices and the market tone are weak. Producers and handlers are looking at inventory figures along with projected production during the final months of the year and are realizing that sales will need to be quite strong to clear the volumes of available butter. The current cash price under \$1.00 is not surprising to many producers and handlers. Most feel that this price will remain weak and some feel that the current price of \$.9650 at midweek could weaken further. The current

price compares to \$2.05 last year. Stocks this year versus last year are the main factor for weak prices at this time. Overall buyer interest is fair at best with most buyers placing orders for short term or immediate needs. Some buyers are looking ahead to fall needs and are optimistic that prices will remain in a narrow range of current levels and that supplies will be sufficient for their full needs without carrying heavy inventories themselves. Retail sales continued to be enhanced by scattered retail features. Producers and handlers state that retail prices are slowly edging lower which will encourage butter sales, but the margins are still quite far apart. Food service orders are still quite positive, especially to resort and vacation areas, but producers indicate that this will soon decline as the summer vacation season comes to a close and schools resume classes. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis.

WEST

Butter prices at the CME continue to gyrate higher and lower over the past few trading sessions. They have, however, stayed below a dollar for the last four sessions. Butter demand seems to be fair at best, often better into food service accounts than retail. Stocks of bulk butter continue to be available, but they are declining. Some operations are bringing stored butter out to rework into prints at this time. Churning activity is lower, but it is not down as far as many manufacturing plants had anticipated for the middle of August. More cream is entering ice cream channels, but not at anticipated levels. Weekly butter stocks declined by 1.8 million pounds this past week and stand at 144.9 million pounds. Stocks have declined 5.7 million pounds in the last six weeks compared to 10.5 million pounds last year for the same time period. Current prices for bulk butter range from 6 cents under to flat market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
AUG 10	1.0997 6,803,900	1.0853 10,732,647	0.9104 26,961,239	1.0237 4,073,094	0.1548 12,287,182	1.3990 2,402,365	1.3800 4,153,522

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are higher following additional increases at the Chicago Mercantile Exchange though on a smaller scale than last week. The market tone is firmer, but with an unsettled undertone. Current cheese production remains light in the East as hot weather reduces milk output and increased milk volumes are diverted to Southern bottlers. Supplemental supplies of commodity varieties are available from other regions. Some buyers are preparing orders for the reopening of schools and universities while others remain focused on accounts in tourist location as well as year round accounts.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2325-1.7275
Cheddar 40# Block	:	1.3075-1.5300
Process 5# Loaf	:	1.3400-1.5200
Process 5# Sliced	:	1.3600-1.6300
Muenster	:	1.3950-1.6000
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The Midwest cheese market is steady to firm, with best interest on products other than basic cheddar. Although other current cheese supplies have tightened seasonally, demand on cheddar continues to lag. Some seasonal improvement is even noted on mozzarella. The availability of attractively priced Western cheddar is keeping a lid on current cheese prices. Additional supplies of process cheese have cleared to CCC from the Midwest again this week. Most cheese plants continue to operate on light summer schedules, reflecting milk intakes. Milk demand from bottlers is also reducing volumes available for manufacturing in some areas. Cheese yields are also at low summer levels. Some plant operators are having difficulty in securing extra milk supplies to fill orders and some specialty product orders are not getting filled or delayed due to the lack of milk.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3100-1.5400
Brick And/Or Muenster 5#	:	1.5100-1.7300
Cheddar 40# Block	:	1.4600-2.1150
Monterey Jack 10#	:	1.6900-2.1150
Blue 5#	:	1.9225-2.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4750-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.8000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	AUGUST 12 - 16, 2002
BARRELS*	:	\$1.1325 - 1.1450 (NOMINAL)
	:	(\$.0050) (.0075)
40# BLOCKS	:	\$1.1525 - 1.1975 (NOMINAL)
	:	(-\$.0075) (.0050)

() Change from previous week. * If steel, barrel returned.

WEST

Cheese prices at the CME have increased the past couple of weeks, but the undertone remains mixed. Stocks of cheese in the West appear to be larger than desired at some locations. Buying interest is being called fair at best. Sellers are wondering if these prices will hold or if there will be a decline to levels closer to the support price. Clearances to the support program from the West have been minimal. Production levels are quite variable, but output has rebounded significantly from the July heat induced downturn.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2825-1.5425
Cheddar 40# Block	:	1.2900-1.4300
Cheddar 10# Cuts	:	1.4700-1.6900
Monterey Jack 10#	:	1.4800-1.6450
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are higher on domestic varieties and steady on imported. Some distributors expect to increase prices on some imported varieties due to changes in currency exchange rates. The market tone remains in the summer doldrums but distributors are looking ahead toward fall and the usual improvement in demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.5300-3.0200*
Gorgonzola	3.2400-5.9400	2.0500-2.4900*
Parmesan (Italy)	TFEWR	2.9500-3.0300*
Romano (Italy)	2.1000-3.1900	-0-
Provolone (Italy)	3.4400-5.5000	1.5375-1.7625*
Romano (Cows Milk)	-0-	2.7275-4.9075*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	2.7500-3.6900	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.6000-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-2.8900	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
08/12/02	71,307	: 144,606
08/01/02	71,854	: 141,769
CHANGE	-547	: 2,837
% CHANGE	-1	: 2

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	68	0	52	0	116	0
SOUTHEAST STATES	0	0	0	0	166	0

Regional Milk Market Administrators announced the following, July 2002 uniform prices: Northeast \$12.05, Mideast \$10.85, Southeast \$12.55, Florida \$14.19, and Western New York (a state order) \$11.89 at the base city or county in the orders. Hot and humid weather is encouraging lower milk production volumes in the Northeast while lower temperatures in the Southeast support slightly higher milk volumes. Renewed bottling interest for school sessions is encouraging milk movement into bottling in the South. Many schools in the Northeast will not re-open until after the Labor Day holiday, resulting in less Class I utilization due in part to lackluster retail sales. To satisfy southern milk demands, northeastern and southwestern milk is being shipped into the area. However, this week Florida took in lower milk volumes than anticipated at 68 loads. Fluid milk movement into ice cream and other Class II facilities is generally good yet less than seasonally expected. Cheese facility interest in fluid milk is generally good while fluid movement into NDM facilities is beginning to wane, especially as some plants close operations until milk volumes significantly increase. Condensed skim supplies are in balance to tight. Most condensed skim movement is contractual for the good Class II and III interest. Cream supplies are generally tight with volumes anticipated to increase as more milk is bottled for school sessions. Multiples are trending higher. However, with the lower CME AA butter average reported, cream prices are lower. Demand for cream is steady into cream cheese and ice cream facilities. Churning activity is light for the mostly contractual interest. NASS pasture and range conditions for selected Eastern states reported at a percentage of 30% or greater are very poor: DE, MD, PA, NC, VA; Poor: GA, RI, NJ, NY, VA, NC; Fair: AL, AR, CT, GA, LA, NH, NJ, NY, RI, WV and Good: AL, AR, FL(80%), ME(71%), MA, MS, NH, VT, WV. VT had the largest percentage rating for excellent pasture and range conditions at 21%.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3552-1.4244
DELIVERED EQUIVALENT ATLANTA	-	1.3552-1.4343 M 1.3849-1.4244
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.2959-1.4244

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9750-1.0200
NORTHEAST- CLASS III - SPOT PRICES	- .8700- .9200

M I D W E S T

Class I demand is steady to occasionally improved within the area, partially attributed to the reopening of some schools. Milk supplies are tight and the squeeze to fill the school pipeline will increase further over the next few weeks as even more schools reopen. Most manufacturing plant operators are loath to give up milk to bottlers currently due to good orders for many specialty products. Inquiries from and milk volumes shipped to other regions are generally increasing seasonally. Manufacturing milk supplies are tighter and on a very light test, premiums paid range from \$2.00 - 2.50, with rumors of higher prices at least offered, if not paid. Most regular milk sellers have nearly all their milk already committed in long term deals so spot activity is limited. Some spot milk interest is going unsatisfied. Cream demand is generally good. As schools reopen, more standardized cream is expected to become available just as the peak ice cream season comes to an end. Condensed skim movement is good, especially from Class III users. Current milk intakes are generally

steady as cooler weather has helped cows recover from recent bouts of heat and humidity. Most plant operators see milk receipts below year ago levels. Fat, and to a lesser degree, protein tests have started to recover at some locations. Widely scattered showers covered the upper tier of states but volumes were limited in some dry areas. Pasture, lawn, and crops reflect recent precipitation, or the lack of it.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUGUST 8 - 14	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 39.50	\$ 43.00- 48.00
REPLACEMENT HEIFER CALVES	\$350.00-470.00	\$430.00-575.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUGUST 8 - 14	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.50- 44.50	\$ 45.50- 50.50

W E S T

The September 2002 Class 1 prices in CALIFORNIA range from \$12.33 in the north to \$12.60 in the south. The statewide average Class 1 price based on production is \$12.38. The average is unchanged from August 2002 and \$4.78 lower than September 2001. Milk production in the Southwest is trending along at higher than expected summertime rates. Cow numbers are higher than a year ago and per cow output is also higher in spite of weather conditions. Fluid milk processing is higher as schools in the region begin classes over the next several weeks. Hot temperatures were common over much of California this week. The conditions were beginning to show up as slight declines in milk receipts at the plants. Solids levels, along with yields, were also dropping. Output in the far northern producing region of the state is declining seasonally. Plant throughput is easing because of the decline in milk, but milk and components are being brought into the state for processing. In NEW MEXICO, milk production is holding steady to declining seasonally. Milk has to be moved out of state for processing with one plant down and others scheduling some down days. At times there are problems getting tankers to move the milk. ARIZONA milk output is following trends of recent weeks. Temperatures have been around seasonal levels and not impacting milk cows beyond normal. Some plants are running longer to process local and nearby milk. Cream prices are trending lower, reflecting the lower butter price at the CME. Grade AA continues to trade below \$1.00 this week and is noted to be weak. Demand for cream remains lower than expected and cream is clearing to the churns, often locally. Multiples are lower in the 109 to 127 range, FOB, and are negotiable. Some record setting heat is occurring over parts of the PACIFIC NORTHWEST. Milk declines are expected, but to what extent is unknown. The real problem is that it is not cooling off very much in the evenings. Low milk prices are causing more stress among milk producers in the region. Some that had not contracted their grain supplies are now upset that they have missed the opportunity to lock in lower prices. Hay prices remain generally steady with only some slight increases noted. Demand from outside the region is taking some additional loads of hay out of the local market. The stress in the UTAH and IDAHO region from the July heat was worse than first thought. Cows have not rebounded much even though conditions are very moderate. Hay prices are steady, but more hay is leaving the region and heading east on a daily basis. A number of irrigation systems in IDAHO have been shut down due to the water supplies being gone. Hay growers are trying to add tonnage to their last cutting due to lack of water and not worrying as much about quality. Heifer prices have rebounded as much as \$200 in the region. Contacts are unsure what this means. The thinking is that heifer prices may have dropped so far, so fast that buyers are seeing some real bargains out there and are returning to the market for heavier purchases and thus driving prices back up. How long this trend will continue with milk prices at these levels is unknown.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to lower on a mostly steady market. Demand is light into cheese and brokerage facilities and generally fair into contracts and ice cream plants. Production is unchanged to lower on low heat in response to reduced milk volumes and milk diversions into bottling for increased school session interest. High heat production is increasing as scheduling time permits. NDM inventories are mostly in balance. Sales to the CCC are reported for the current week from the Central region.

EAST: The market tone is firm. Hot and humid weather is deterring milk production and more milk is moving into bottling for school sessions, reducing available milk volumes for NDM production. Some plants are being closed seasonally until significant milk volumes are again available while others are producing more time consuming high heat product instead of low heat. Milk appears more plentiful than the year prior. Condensed skim supplies are tight due to lower milk supplies and good interest into Class II and III facilities. A lack of condensed skim is encouraging cheese manufacturer interest in NDM. Inquiries are noted from brokers with most movement occurring on contracts.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9000 - .9600 MOSTLY: .9200 - .9400
HIGH HEAT: .9575 - 1.0100

NONFAT DRY MILK - WEST

Western NDM prices are unchanged in light to steady trading. Producers continue to balance stocks by offering NDM to the support program at a regular pace. Production levels are active in the region and many production plants are being run at heavy summertime levels to process the influx of milk. The return of hot weather over much of the region is beginning to show up in slightly reduced plant milk receipts, which is being welcomed. There is no news on the DEIP program, despite the starting date of July 1. Contacts remain annoyed about the delay, especially with prospective sales opportunities being lost. During the week of August 5 - 9, adjusted support program purchases totaled 4,541,397 pounds of NDM with 9,936,929 pounds from the West. (NOTE: A large cancellation of previously offered NDM from the East created the large offset.) High heat prices are also unchanged. Spot trading interest is light with some additional, seasonal sales being negotiated. Production levels vary dependant on dryer space available.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8800 - .9575 MOSTLY: .9000 - .9050
HIGH HEAT: .9250 - .9500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 9	\$.9006	15,675,440	9,210,710
August 2	\$.8999	18,339,125	9,594,098

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a mostly steady market. Supplies are mixed. Some plants are holding inventories with age while at other locations supplies are limited as condensed buttermilk availability is light in response to reduced churning. Spot interest is generally lackluster, especially with Western prices trading lower than the Central market. Production is light yet anticipated to increase with cream production as school sessions commence.

F.O.B. CENTRAL: .8100 - .8300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged on a steady to weak market. Production is steady to lower in response to reduced cream supplies and less churning activity. Stocks of buttermilk remain heavy for the very light interest. Most producers seem unfettered by their aging inventories and are not aggressively marketing supplies. Condensed buttermilk is clearing readily into ice cream facilities that remain at lower than seasonally expected production levels. Demand is mostly contractual and fair at best on a spot basis.

F.O.B. NORTHEAST: .7600 - .8350
DELVD SOUTHEAST: .7800 - .8550

DRY BUTTERMILK - WEST

Dry buttermilk prices are unchanged and the market tone is unsettled. Some producers are in better inventory shape after discounting prices and moving product. They are now raising prices for current powder. Others with stocks are finding sales still hard to make. Buying interest is limited but, when discounted, buyers are more willing. Drying schedules remain more active seasonally than expected as cream continues to clear to churns. Overall, stocks remain in excess of trade needs.

F.O.B. WEST: .7200 - .7700 MOSTLY: .7250 - .7400

DRY WHOLE MILK - NATIONAL

Prices are unchanged on a steady market. Production is steady to slightly higher as some plants have extra drying time available for whole milk production. Interest is increasing into confectionary and candy operations with some contractual users asking for additional loads. Stocks are mostly in balance with demand.

F.O.B. PRODUCING PLANT: 1.1100 - 1.2000

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY – CENTRAL

Prices are generally higher on a firm market. Brokers, resellers and producers are clearing product at a premium where stocks are available. Supplies are generally tight with contract buyers seeking additional loads onto regular shipments. Production is unchanged to lower as reduced milk volumes and milk solid contents are noted. Spot interest is best into brokerage and feed facilities. Export inquiries are increasing with price resistance noted as some buyers are not yet convinced of the tight supplies. Condensed whey is available at some locations for the good interest.

F.O.B. CENTRAL: .1600 - .1700 MOSTLY: .1600 - .1650

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to slightly higher. Trading is very light on limited supplies. Some plants are delaying shipments as production schedules are running behind expectations. Extreme heat is causing some production problems and decreases in the available milk volumes into cheese vats. Lower milk solid content is also affecting whey output. Some eastern brokers are seeking additional loads in the Central region without success. Inquiries are heavy from domestic and export buyers.

F.O.B. NORTHEAST: EXTRA GRADE .1600 - .1650
USPH GRADE A .1750 - .1875
DELVD SOUTHEAST: .1800 - .1950

DRY WHEY - WEST

Prices are somewhat mixed for Western whey powder. Those sellers that have gotten their stocks in good shape by discounting product to get it to move are now attempting to raise prices. Other producers are still having inventory concerns and continue to discount powder to try and garner additional sales activity. Demand is fair. Some buyers believe that there is still plenty of product available, while others are more concerned about future availability and are making additional purchases at this time. Ongoing export sales are continuing, but little new activity is noted. Some very competitive offers from Europe are causing some additional concerns.

NONHYGROSCOPIC: .1400 - .1700 MOSTLY: .1400 - .1525

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher on a steady to firm market. As Extra Grade supplies are less available, more interest is noted on milk replacer product. Milk replacer supplies are limited and prices are trending higher. Roller ground prices adjusted slightly to the changes in last week's Extra Grade market. Some suppliers are resisting higher prices to guarantee sales. Delactose prices continue unchanged and spot interest is lackluster. Most product continues to be traded on a contractual basis with many suppliers diverting more product to the edible market as feed interest diverts to cheaper protein sources. Early weaned pigs are trading higher while the North Central veal market trends steady to weak.

F.O.B. CENTRAL:
MILK REPLACER: .1500 - .1550
ROLLER GROUND: .1500 - .1850
DELACTOSE (Min. 20% protein): .3500 - .3650

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a mixed market. While some suppliers are shorting and canceling contractual loads, others report that the market is very slow and are offering at lower prices than the week prior. Buyers are miffed as to whether the market is truly firming yet some brokers report that WPC 34% supplies cannot be found anywhere. Some feed buyers that did not contract WPC 34% supplies at the beginning of the year are now securing loads through December. Production is lower in response to reduced whey solids content, milk volumes and more movement of condensed whey into high protein facilities. While less high protein product appears competitive with WPC 34%, product is still reportedly available at comparable per unit of protein prices for the good interest. Off grade supplies are less available than the week prior with less buyer resistance noted on pricing.

F.O.B. EXTRA GRADE 34% PROTEIN: .4075 - .4400 MOSTLY: .4175 - .4275

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. Spot trading is noted above and below the average with prices at the higher end of the range reflecting contractual and freight advantage shipments. Production is unchanged to slightly higher as steady streams of whey flow into high protein rather than 34% WPC facilities. As more milk is diverted to Class I use for school sessions, less cheese, whey and lactose are expected to be available. Inventories are in better balance yet some aged stocks exist for the limited interest. Domestic demand is light to fair. Asian inquiries are heavy from China and Korea with some low bids being met with resistance. Off grade lactose is readily available and competitive with the permeate market for the limited interest. Contract negotiations for fourth quarter are being discussed in some export markets.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1400 - .2250 MOSTLY: .1450 - .1700

CASEIN – NATIONAL

Casein markets and prices remain weak. Much of the trading activity is reported to be near the lower end of the reported price ranges. Suppliers report that buyers are purchasing for short term needs only. Acid supplies are readily available although rennet stocks are more limited. Domestic buyers and importers have mixed opinions on the second round of bidding for government owned skim milk powder stocks for the production of casein/caseinates. Many indicated that the rejected bids in the \$.10 - .30 per pound range were where many felt bids would be.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.0000 - 2.1500
ACID: 1.8000 - 2.0000

EVAPORATED MILK - NATIONAL

Prices are unchanged to slightly lower on a steady market. Although less surplus milk is available, production is generally steady. Some spot movement is competitive, encouraging lower prices. Demand is expected to improve for seasonally heavier fourth quarter sales. The Kansas City Commodity office announced the issuance of EVD1 INV 730, inviting competitive offers to sell to CCC 4,480,240 pounds of evaporated milk for delivery October - December 2002. Offers are due by 9:00 a.m. CST, August 19, 2002.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	07/31	08/01	08/02	08/05	08/06	08/07	08/08	08/09	08/12	08/13
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
JUL 02	9.35 (3039) 2	9.35 (2927) 0	9.33							
AUG 02	9.65 (3487) 31	9.62 (3510) 102	9.62 (3526) 180	9.62 (3526) 1	9.61 (3527) 163	9.50 (3527) 20	9.52 (3517) 84	9.50 (3517) 5	9.50 (3517) 0	9.50 (3521) 515
SEP 02	11.30 (3441) 166	11.25 (3414) 81	11.20 (3391) 118	10.95 (3419) 53	10.85 (3421) 52	10.60 (3429) 41	10.55 (3431) 34	10.55 (3446) 31	10.60 (3447) 3	10.60 (3348) 192
OCT 02	11.40 (2486) 151	10.85 (2483) 43	11.20 (2480) 171	11.23 (2478) 121	11.20 (2489) 74	10.90 (2504) 33	11.01 (2522) 22	11.00 (2549) 58	11.19 (2549) 2	11.19 (2634) 209
NOV 02	11.82 (1440) 86	11.71 (1473) 69	11.65 (1472) 83	11.61 (1481) 15	11.61 (1487) 28	11.40 (1488) 20	11.45 (1488) 18	11.40 (1520) 36	11.60 (1521) 8	11.53 (1533) 22
DEC 02	11.73 (1091) 35	11.78 (1130) 82	11.80 (1098) 88	11.75 (1109) 11	11.76 (1162) 65	11.50 (1174) 24	11.50 (1175) 1	11.48 (1209) 38	11.68 (1209) 8	11.65 (1211) 16
JAN 03	11.70 (293) 31	11.79 (298) 51	11.80 (317) 23	11.75 (318) 2	11.75 (344) 36	11.55 (365) 51	11.60 (378) 13	11.60 (391) 27	11.83 (417) 41	11.80 (451) 47
FEB 03	11.65 (270) 11	11.79 (285) 24	11.80 (286) 7	11.75 (288) 3	11.75 (302) 30	11.63 (318) 29	11.67 (327) 10	11.68 (389) 62	11.80 (410) 43	11.78 (457) 97
MAR 03	11.65 (191) 26	11.79 (204) 16	11.80 (206) 6	11.75 (206) 3	11.75 (216) 20	11.65 (233) 26	11.65 (239) 6	11.66 (266) 39	11.90 (287) 23	11.80 (329) 97
APR 03	11.65 (143) 8	11.70 (153) 13	11.75 (154) 2	11.70 (153) 3	11.70 (164) 16	11.61 (182) 32	11.61 (189) 10	11.61 (198) 18	11.80 (228) 46	11.78 (251) 36
MAY 03	11.65 (129) 0	11.65 (135) 8	11.65 (135) 0	11.65 (135) 2	11.65 (143) 21	11.61 (156) 28	11.61 (162) 7	11.61 (172) 14	11.76 (192) 26	11.75 (206) 30
JUN 03	11.62 (74) 1	11.65 (75) 6	11.66 (102) 31	11.71 (102) 1	11.71 (114) 17	11.65 (133) 30	11.70 (141) 13	11.75 (155) 23	11.98 (159) 9	11.95 (161) 5
JUL 03	12.10 (49) 1	12.10 (53) 9	12.10 (54) 1	12.10 (54) 0	12.10 (60) 11	12.10 (61) 2	12.12 (64) 3	12.20 (68) 9	12.35 (74) 7	12.30 (80) 2
AUG 03	12.10 (19) 1	12.10 (20) 5	12.11 (20) 1	12.15 (20) 0	12.15 (25) 5	12.15 (29) 6	12.15 (30) 1	12.15 (35) 6	12.26 (38) 5	12.20 (51) 13
SEP 03	12.10 (15) 1	12.10 (16) 5	12.11 (16) 1	12.15 (16) 0	12.15 (16) 0	12.15 (24) 10	12.15 (24) 0	12.15 (29) 7	12.23 (32) 6	12.35 (39) 13
OCT 03	12.00 (12) 0	12.00 (17) 5	12.01 (17) 0	12.01 (17) 0	12.01 (18) 6	12.01 (20) 5	12.01 (20) 0	12.01 (20) 1	12.07 (23) 4	12.07 (36) 14

CME - CLASS IV MILK FUTURES - Dollars per cwt.

JUL 02	10.50 (513) 0	10.50 (512) 0	10.45							
AUG 02	10.75 (478) 0	10.75 (478) 5	10.75 (473) 0	10.75 (473) 0	10.70 (473) 20	10.50 (473) 0	10.50 (473) 0	10.50 (473) 0	10.50 (473) 0	10.50 (473) 0
SEP 02	10.75 (425) 0	10.75 (424) 6	10.75 (424) 0	10.75 (424) 0	10.70 (424) 0	10.60 (424) 0	10.60 (424) 0	10.60 (424) 0	10.60 (424) 0	10.60 (424) 0
OCT 02	10.75 (383) 0	10.75 (383) 5	10.75 (383) 0	10.75 (383) 0	10.75 (383) 0	10.60 (374) 1	10.60 (374) 0	10.60 (374) 0	10.60 (374) 0	10.60 (374) 0
NOV 02	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (284) 1	10.70 (278) 0	10.70 (277) 0	10.70 (277) 0	10.70 (277) 0	10.70 (277) 0
DEC 02	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0
JAN 03	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0
FEB 03	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0
MAR 03	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0
APR 03	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0

CME - BUTTER FUTURES -- Cents per pound

SEP 02	108.50 (381) 1	107.75 (367) 8	106.25 (367) 0	103.00 (361) 12	100.75 (359) 19	100.47 (359) 2	99.50 (357) 11	99.25 (354) 7	99.25 (354) 16	98.25 (352) 8
OCT 02	110.25 (329) 0	110.25 (318) 10	108.00 (317) 1	106.00 (317) 12	102.75 (317) 7	101.02 (316) 5	101.75 (320) 7	101.00 (320) 1	101.00 (322) 3	100.75 (327) 7
DEC 02	113.50 (68) 0	113.50 (68) 0	111.00 (70) 2	107.00 (71) 1	104.00 (75) 4	104.00 (79) 2	104.00 (78) 4	104.00 (78) 0	104.00 (79) 1	104.00 (82) 3
MAR 03	121.00 (45) 6	121.00 (47) 3	119.50 (48) 3	119.00 (48) 2	118.00 (48) 0	118.00 (48) 0	117.50 (50) 2	116.00 (50) 0	116.00 (57) 8	118.00 (60) 3
MAY 03	126.00 (23) 3	123.00 (24) 2	123.00 (24) 3	122.00 (24) 2	120.00 (25) 1	118.00 (25) 0	118.00 (27) 2	117.00 (27) 0	117.00 (31) 5	120.00 (33) 2

CME - NONFAT DRY MILK FUTURES -- Cents per pound

JUL 02	90.00 (8) 0	90.00 (8) 0	90.33
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1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered August 5 - 16, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production throughout Europe is on the downward side with some areas reporting accelerated declines due to recent adverse weather conditions. Heavy rainfall in some Western European areas contributed to very soggy pastures and overall limited grazing. Stress on the milk herd due to the sloppy conditions was a major factor in declining milk production and plant receipts. Stocks of manufactured dairy products are mixed. Prices for European produced dairy products are higher and lower depending on various factors such as recent subsidy adjustments and product demand. Clearances of skim milk powder to intervention continue, but reports indicate that offerings under the tendering system are greatly reduced from recent weeks. At this point, most of the offerings are coming from Ireland and the U.K. The Management Committee did not meet during the past two weeks, thus no tendering value or volume information is available. The Committee will reconvene on Thursday August 29. There will still be a few days after this meeting that powder can be offered to intervention. Intervention closes on August 31. As milk production declines, competition for available milk increases. At this point, there is no major scramble, but as fall arrives, this will be the situation. Some handlers and traders report that butter/butterfat is somewhat limited and prices are slightly higher. European producers and handlers are closely watching how the Oceania milk production season develops. They indicate that if the season does not develop as strong as last year, international product availability might not be as adequate and overall dairy product prices could slightly recover from the recent slump. Another area of European concern is when will USDA announce the DEIP program in the States. Last year at this time the program was open with the cheese allocation of 3000 metric tons filled very quickly, but the skim milk powder portion of the program did not open until November.

BUTTER/BUTTEROIL: European butter markets are generally steady although an unsettled undertone is developing. Some traders indicate that butter stocks for prompt shipment are not readily available. The milk production season is winding down, and so is butter production. Up to this point, most butter production was offered to intervention or PSA with minimal volumes being held in commercial hands. Butter demand remains very light for international needs with most trading activity centering around internal or domestic needs.

82% BUTTERFAT:	1,000 - 1,200
99% BUTTERFAT:	1,200 - 1,300

SKIM MILK POWDER (SMP): European skim milk powder markets are unsettled with prices slightly lower. Milk production is declining seasonally and offerings to intervention are declining. Reports indicate that offerings under the tendering program are lighter. The Management Committee did not meet during recent days, thus official tendering rates and volumes are not available. The Committee will reconvene on August 29. Skim powder intervention will remain open through August 31.

1.25% BUTTERFAT:	1,150 - 1,250
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WHOLE MILK POWDER (WMP): Whole milk powder markets are unsettled with prices unchanged to slightly lower. Recent subsidy adjustments are having little impact on additional sales activity. August is usually a quiet time for international sales activity out of Europe and this year is no different. Milk production is edging lower in both Eastern and Western Europe, spurred by heavy rainfall and severe flooding in some areas.

26% BUTTERFAT:	1,200 - 1,300
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SWEET WHEY POWDER: Whey powder markets are mixed with prices slightly higher and lower. Although international buyers are hesitant to procure European sourced whey powder due to too high of price, some producers have increased prices, while some producers are slightly discounting theirs. Stocks of whey powder are reported to be available for needs. For the most part, sales are centering around domestic animal feed needs, although some of this demand is slightly lower.

NONHYGROSCOPIC:	350 - 450
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OVERVIEW: EASTERN EUROPE: Eastern European milk production is on the downhill side with recent heavy rainfall and flooding impacting the milk flow in many areas. As in some Western European areas, wet/soggy pastures are contributing to cow stress and overall lighter milk production. Stocks of most manufactured dairy products in Eastern Europe are reported to be in close balance with cheese stocks slightly heavier than desired. In instances where possible, milk is being diverted away from cheese output into other dairy products.

OCEANIA

OVERVIEW: The new milk production season in the Oceania region has started in New Zealand although it is a few weeks off in Australia. New Zealand milk handlers are stating that milk receipts at plants are increasing. As the milk flow increases, more plants that have been down for the winter season are once again opening for the 2002-2003 production year. It is still too early to project what milk production trends will reveal in the Oceania region, but early reports out of New Zealand indicate that the production season is off to a good start in that country. Dry conditions in many areas of Australia could limit early season output. Shipments of inventoried stocks continue to occur. For the most part, handlers are quite comfortable with their inventoried supply situation in relationship with demand as the new milk production season resumes. Most stocks from last season will be cleared as new production becomes available. Some handlers indicate that some cheese stocks will probably be carried over into the new season. Producers and handlers indicate that a significant portion of the upcoming season's early production has been committed. At this point, prices are anticipated to be within current ranges with producer optimism not overly positive. Opening pay prices to producers have been announced and the 25-30% decline from last season has many concerned. Some producers feel that these opening prices may be pushed lower if international markets remain in the weak mode as they have been during recent months. Some producers are questioning how they will be able to cope with the lower prices. Adding additional animals to herds is one possibility, although producers indicate that this could lead to additional problems with plant capacities and then additional manufactured dairy products for the Oceania traders to clear internationally. On the other hand, Oceania milk producers indicate that they have been in low pay situations before and have made it, thus most remain optimistic for the upcoming season.

BUTTER: Oceania butter markets are generally steady at unchanged prices. The new milk production season is just getting underway, thus orders are being filled from inventoried stocks of last season. Producers and handlers report that it will be a number of weeks before new production is available. Previous year stocks are sufficient to fill contractual needs before new production comes on line. Handlers report that they are comfortable with their supply situation as the new year begins.

82% BUTTERFAT:	925 - 1,000
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CHEDDAR CHEESE: Cheese markets are generally steady at unchanged prices. Stocks of cheese are readily available to fill end of contract year commitments. Some handlers indicate that they will be carrying over some cheese stocks into the new production year. Overall cheese demand continues to center around regular customer needs with no new buyer interest being reported.

39% MAXIMUM MOISTURE:	1,500 - 1,600
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SKIM MILK POWDER (SMP): Skim powder markets are steady to slightly weaker. The most recent round of subsidy adjustments in Europe is putting continued pressure on some Oceania skim powder prices. For the most part, current shipments and prices have been previously negotiated, although some limited volume spot sale prices are dipping slightly lower. As with most other manufactured dairy products in Oceania, skim powder stocks are reported to be in good balance as the new production season resumes.

1.25% BUTTERFAT:	1,125 - 1,250
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady with prices unchanged to slightly lower. Not a lot of new activity is being reported within the market. Shipments continue to be filled from inventoried product as new production availability is still a few weeks away. Recent subsidy adjustments in Europe are putting pressure on opening season prices.

26% BUTTERFAT:	1,150 - 1,275
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Exchange rates for selected foreign currencies: August 12, 2002

.6353 Canadian Dollar	.0206 Indian Rupee
.2770 Argentina Peso	.4640 New Zealand Dollar
.1009 Mexican Peso	.5398 Australian Dollar
1.5315 British Pound	.0084 Japanese Yen
.2393 Polish Zloty	.9786 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1009)= 9.9108. That is 1 US Dollar equals 9.9108 Mexican Pesos.

Source: "Wall Street Journal"

U.S. IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 2000-2001 ANNUAL, JANUARY-MAY 2002

COMMODITY SUMMARY OF U.S. IMPORTS OF DAIRY PRODUCTS 1/

Commodity	Quantity (1,000 Metric Tons)			Value (\$ Million)		
	2000	2001	Jan.-May 2002	2000	2001	Jan.-May 2002
Milk and Cream <u>2/</u>	8.3	12.9	4.0	9.2	14.9	4.6
Ice Cream	1.6	2.2	0.0	3.8	4.4	0.2
Dry Milk	8.5	8.1	3.9	14.8	16.1	6.5
Dry Whey	15.6	19.9	8.6	15.7	15.2	5.7
Cheese	188.7	201.8	77.6	685.3	745.8	292.8
Butter & Milkfat	13.7	34.6	6.8	21.5	55.2	11.3
Casein	120.0	106.8	38.6	499.5	525.0	177.2
Milk Protein Concentrate	52.9	28.5	13.1	153.4	101.1	48.0
Other Dairy Products <u>3/</u>	---	---	---	129.8	178.0	92.1
Total <u>3/</u>	---	---	---	1,533.0	1,655.7	638.4

1/ Data may differ from U.S. Customs Service data, which is used to administer dairy import quotas. Differences are due to transshipments, errors in classification, and processing lags. 2/ Quantity shown in million liters; includes yogurt. 3/ Volume not shown due to the use of mixed units.

COMMODITY SUMMARY OF U.S. EXPORTS OF DAIRY PRODUCTS

Commodity	Quantity (1,000 Metric Tons) <u>1/</u>			Value (\$ Million)		
	2000	2001	Jan.-May 2002	2000	2001	Jan.-May 2002
Nonfat Dry Milk	84.3	96.2	20.0	136.6	189.5	30.6
Condensed & Evaporated Milk	5.2	10.7	4.3	4.3	9.8	4.0
Dry Whole Milk & Cream	25.4	46.0	8.2	37.8	56.0	11.4
Fluid Milk & Cream <u>2/</u>	23.3	25.8	8.9	20.0	21.7	8.5
Yogurt & Other Fermented Milk	---	---	---	8.2	10.3	5.8
Butter & Milkfat	8.2	38.0	1.4	7.5	5.3	2.5
Ice Cream	39.4	40.1	16.1	84.8	83.4	32.4
Cheese & Curd	47.8	52.5	23.7	141.3	162.0	71.7
Casein	4.9	3.4	1.1	48.1	19.1	5.2
Whey	---	---	---	155.8	144.3	67.2
Other Dairy Products	---	---	---	328.0	364.6	146.5
Total <u>1/</u>	---	---	---	972.4	1,066.0	385.8

1/ Volume information for whey, yogurt and other fermented milk, other dairy products, and total is not available as these commodities are reported in mixed units. 2/ Quantity shown in million liters.

SOURCE: "Dairy: World Markets and Trade", FD 1-02, July 2002, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC. Data provided by U.S. Bureau of the Census. For further information, contact Arthur Coffing at (202) 720-3761.

AUGUST MILK SUPPLY AND DEMAND ESTIMATES*

Dairy production forecasts are raised slightly for 2001/02 as cow numbers are expected to remain near last year. However, poor forage conditions and increasing hay prices are expected to slow growth in milk output per cow. Milk price forecasts are little changed. Forecast milk production for 2002/03 is reduced this month because of higher forecast grain prices and tighter supplies of high-quality hay. In the face of lower expected milk supplies, the forecast for Class III milk is raised to \$10.05-\$10.95 per cwt. and the forecast for Class IV is increased to \$10.60-\$11.70 per cwt. The all milk price is projected 10 cents higher than last month. CCC net removals of cheese in 2001/02 are reduced from last month as sales to the CCC have been lower than expected. Net removals of nonfat dry milk are increased for 2001/02 as milk supplies remain large but forecast removals for 2002/03 are lowered as milk supplies are expected to be lower than forecast last month.

Item	2000/01 1/	2001/02 Projection 1/		2002/03 Projection 1/	
		July	August	July	August
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	8.9	8.8	8.8	10.0	10.4
PRODUCTION	165.2	168.7	168.8	172.0	171.7
FARM USE	1.3	1.2	1.2	1.2	1.2
MARKETINGS	163.9	167.5	167.6	170.8	170.5
IMPORTS 2/	5.4	5.3	5.3	4.8	4.8
TOTAL COMMERCIAL SUPPLY 2/	178.2	181.5	181.6	185.6	185.7
USE					
COMMERCIAL USE 2/ 3/	169.1	171.0	171.0	176.6	176.4
ENDING COMMERCIAL STOCKS 2/	8.8	10.0	10.4	8.5	8.8
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.3	0.5	0.3	0.5	0.5
SKIM SOLIDS BASIS 4/	6.3	9.5	9.8	8.2	7.7
		DOLLARS PER CWT.			
MILK PRICES 5/					
CLASS III 6/	12.29	11.00-11.10	11.05-11.15	9.85-10.75	10.05-10.95
CLASS IV 7/	13.88	11.15-11.35	11.15-11.35	10.50-11.60	10.60-11.70
ALL MILK 8/	14.51	12.70-12.80	12.70-12.80	11.60-12.50	11.70-12.60
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	0	0	0	15	15
CHEESE	17	40	10	6	6
NONFAT DRY MILK	521	780	830	695	655
DRY WHOLE MILK	3	0	0	0	0
	QUARTERLY 9/			ANNUAL 9/	
	2002 III	2002 IV	2003 I	2002	2003
MILK PRODUCTION	41.8	41.9	43.2	170.0	172.0
		DOLLARS PER CWT.			
ALL MILK PRICE 5/ 8/	11.15-11.45	12.05-12.65	11.65-12.55	12.10-12.30	11.90-12.90
CLASS III PRICE 5/ 6/	9.65-9.95	10.30-10.90	9.85-10.75	10.50-10.70	10.25-11.25
CLASS IV PRICE 5/ 7/	10.35-10.75	10.65-11.35	10.15-11.25	10.80-11.10	10.70-11.90

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order Class III price. 7/ Federal milk order Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-389, World Agricultural Outlook Board, USDA, August 12, 2002.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS
AND CALIFORNIA, MAY 2002**

In May 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$11.83 per cwt., \$0.33 less than the figure for the previous month. On an individual reporting area basis, mailbox prices decreased in all areas, and ranged from \$14.75 in Florida to \$10.72 in Utah. In May 2001, the Federal milk order all-area average mailbox price was \$15.27, \$3.44 higher.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	March 2002	April 2002	May 2002
	Dollars per hundredweight		
Northeast Federal Milk Order	12.48	12.05	11.74
Appalachian States <u>3/</u>	12.92	12.57	12.31
Southeast States <u>4/</u>	13.21	13.05	12.69
Florida	15.13	15.09	14.75
Ohio	12.42	12.25	11.85
Michigan	12.27	12.06	11.68
Wisconsin	12.45	12.48	12.16
Minnesota	12.22	12.23	11.88
Illinois	12.32	12.21	12.02
Northern Missouri <u>5/</u>	12.91	12.67	12.56
Southern Missouri <u>6/</u>	12.19	12.06	11.76
Corn Belt States <u>7/</u>	12.06	12.02	11.68
Western Texas <u>8/</u>	12.39	11.98	11.66
New Mexico	11.45	11.07	10.80
Idaho	11.50	11.29	10.88
Utah	11.30	11.08	10.72
Northwest States <u>9/</u>	12.08	11.91*	11.52
All Federal Order Areas <u>10/</u>	12.39	12.16	11.83
California <u>11/</u>	11.46	11.38	NA

NA= Not available. * Revised. Figure in last month's report was incorrect.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Includes Oregon and Washington. 10/ Weighted average of the information for all selected reporting areas in Federal milk orders. 11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

JUNE FLUID MILK SALES

During June, about 4.2 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 4.0 percent lower than June 2001. After adjusting for calendar composition, sales in June 2002 were 0.5 percent lower than June 2001. On an individual product basis, sales of whole milk, reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from June 2001.

Editor's Note: Some of the data also can be found at www.ams.usda.gov/dyfm0s/mib/in-areasales.htm

**ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
JUNE 2002, WITH COMPARISONS 1/**

Product Name	Sales		Change from: <u>3/</u>	
	June	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk <u>3/</u>	1,531	9,606	-4.0	-0.8
Reduced Fat Milk (2%)	1,354	8,640	-4.6	-0.7
Low Fat Milk (1%) <u>4/</u>	620	4,594	-0.5	1.6
Fat-Free Milk (Skim)	646	4,141	-4.8	-0.9
Buttermilk	45	291	-8.7	-3.4
Total Fluid Milk Products <u>5/</u>	4,201	27,304	-4.0	-0.4
Total Fluid Milk Products Adjusted <u>5/</u> <u>6/</u>	4,295	27,339	-0.5	0.1

1/ These figures are based on the consumption of fluid milk products in Federal milk order marketing areas and California, which represents approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7 percent of sales from the Federal milk order and California data. The procedure used for estimating U.S. fluid milk sales by the Agricultural Marketing Service is different from that used by the Economic Research Service (ERS) of USDA. Consequently, the year-to-date figures here may differ from the annual figures published by ERS. 2/ Previously, this data series showed all percent changes adjusted for calendar composition. Percent changes, as well as sales volumes, unless otherwise noted, are not shown on a calendar composition basis. See 6/. 3/ Includes flavored whole milk. 4/ Includes flavored fat-reduced milk. 5/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 6/ Sales volumes and percent changes have been adjusted for calendar composition.

**PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, JUNE 2002, WITH COMPARISONS 1/**

Area (Order Number) <u>2/</u>	Sales		Change from: <u>3/</u>	
	June	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	763	4,835	-3.1	-0.7
Appalachian (005)	258	1,689	-5.7	-1.9
Southeast (007)	365	2,415	-7.3	-1.5
Florida (006)	218	1,437	-1.5	1.1
Mideast (033)	475	3,166	-4.7	-0.4
Upper Midwest (030)	324	2,169	-4.8	0.0
Central (032)	342	2,284	-4.6	-1.0
Southwest (126)	316	2,065	-2.9	0.3
Arizona-Las Vegas (131)	97	629	-1.9	2.9
Western (135)	68	441	-2.5	0.5
Pacific Northwest (124)	163	1,069	-7.1	-1.3
California (---)	519	3,194	-1.5	-0.1

1/ These figures are representative of the consumption of total fluid milk products. 2/ Individual area data are for total fluid milk products. See 5/ above. 3/ Percent changes, as well as sales volumes, **are no longer** shown on a calendar composition basis.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and California Dairy Information Bulletin, California Agricultural Statistics Service and Milk Stabilization Branch.

JULY MILK PRODUCTION

Milk production in the 20 major States during July totaled 12.3 billion pounds, up 2.3 percent from July 2001. June revised production, at 123 billion pounds, was up 2.2 percent from June 2001. The June revision represented an increase of 0.2 percent or 27 million pounds from last month's preliminary estimate.

Production per cow in the 20 major States averaged 1,580 pounds for July, 28 pounds above July 2001.

The number of cows on farms in the 20 major States was 7.79 million head, 40,000 head more than July 2001, and 7,000 head more than June 2002.

JULY 2002 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2001	2002	2001	2002	2001	2002	% CHANGE FROM 2001
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	140	145	1,740	1,690	244	245	0.4
CA	1,592	1,650	1,770	1,815	2,818	2,995	6.3
FL	153	149	1,235	1,250	189	186	-1.6
ID	370	393	1,840	1,830	681	719	5.6
IL	115	115	1,405	1,420	162	163	0.6
IN	154	151	1,395	1,435	215	217	0.9
IA	209	210	1,475	1,480	308	311	1.0
KY	129	123	1,045	1,065	135	131	-3.0
MI	303	301	1,645	1,665	498	501	0.6
MN	510	485	1,415	1,400	722	679	-6.0
MO	146	137	1,055	1,120	154	153	-0.6
NM	265	303	1,790	1,810	474	548	15.6
NY	673	680	1,520	1,570	1,023	1,068	4.4
OH	258	265	1,420	1,450	366	384	4.9
PA	600	584	1,510	1,525	906	891	-1.7
TX	324	308	1,205	1,350	390	416	6.7
VT	152	154	1,505	1,480	229	228	-0.4
VA	118	120	1,300	1,300	153	156	2.0
WA	247	248	1,960	1,960	484	486	0.4
WI	1,288	1,265	1,455	1,445	1,874	1,828	-2.5
20 STATE TOTAL	7,746	7,786	1,552	1,580	12,025	12,305	2.3

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (8-02), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF AUGUST 12 - 16, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 08/09/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	2,465,662	-0-	2,465,662	2,465,662	3,050,083	-0-	-0-
Barrel	573,772	-0-	573,772	1,100,984	4,025,276	-0-	-0-
Process	198,000	-0-	198,000	871,200	3,999,600	-0-	-0-
TOTAL	3,237,434	-0-	3,237,434	4,437,846	11,074,959	-0-	-0-
NONFAT DRY MILK							
Nonfortified	10,157,716	1,159,322	8,998,394	621,219,437	369,878,595	1,204,942,000	598,942,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,227,000
TOTAL	10,157,716	1,159,322	8,998,394	621,219,437	398,029,686	1,251,333,000	637,169,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 12 - 16, 2002 =	31.9	136.8	COMPARABLE PERIOD IN 2001 =	0.3	18.0
CUMULATIVE SINCE OCTOBER 1, 2001 =	177.6	7,274.9	CUMULATIVE SAME PERIOD LAST YEAR =	189.8	4,742.7
CUMULATIVE JANUARY 1 - AUGUST 16, 2002 =	160.7	6,379.0	COMPARABLE CALENDAR YEAR 2001 =	73.3	3,260.1

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF AUGUST 12 - 16, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	198,000	262,017	-0-
WEST	-0-	-0-	-0-	2,465,662	573,772	-0-	8,736,377	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	871,200	5,995,440	34,513,568	6,677,037	8.8	29.9
WEST	-0-	-0-	3,566,646	5,039,919	549,343,468	391,352,649	86.6	69.9
EAST	-0-	-0-	-0-	39,600	37,362,401	-0-	4.6	0.2
TOTAL	-0-	-0-	4,437,846	11,074,959	621,219,437	398,029,686	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 07/27/02 & Comparable Week 2001

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	1.0	6.3	4.7	18.6	1.9	0.4	0.6	11.8	2.1	47.6	45.0
2001-Dairy	0.2	0.7	5.0	4.8	14.7	2.2	1.6	0.6	9.7	2.4	41.8	41.7
2002-All cows	0.2	1.0	8.6	11.9	29.0	13.7	15.7	2.9	15.1	7.7	105.7	46.6
2001-All cows	0.2	0.8	6.7	13.9	25.1	14.0	16.7	4.1	13.0	5.8	100.3	

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES,(3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62	10.48				
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14					
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33					
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45					

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/clis_prod_cmp_pr.htm